The Value of Energy Efficiency Programs
As Part of the Illinois Energy Solutions

July 20, 2006

The Midwest Energy Efficiency Alliance (MEEA) is pleased to submit these comments in response to the questions posed by the Illinois Commerce Commission (ICC) as part of the Illinois Energy Solutions Forum. We look forward to working with the ICC to develop and implement a comprehensive plan to educate and inform consumers throughout the state about the changing electric market and provide tools for more efficient energy use.

Illinois' Energy Situation

Every year, more than $22 billion leaves the Illinois economy to pay for imported energy including coal, natural gas and petroleum. As prices for both electricity and natural gas continue to rise, this drain on state and local economies will grow. Implementing a sustainable and effective statewide energy efficiency program is the first, best and most cost-effective step the ICC can take to help consumers deal with the impending increases in energy prices.

Energy Efficiency Impacts in Illinois

Several studies document the impacts a comprehensive energy efficiency policy will bring to the state of Illinois.[1] The most recent study shows that an aggressive but achievable energy efficiency program could save Illinois consumers $1.5 billion over the next five years on electricity bills alone. An additional $1.3 billion could be saved on natural gas bills and the program could generate 6,480 new jobs in Illinois. These substantial savings would stay in businesses' and consumers' pockets and be reinvested in local economies rather than being exported to other states and countries.

Comprehensive Solution

MEEA believes a well-planned and thoughtful approach to educate and protect consumers against increasing energy prices is necessary. In the manner that commissions and utilities maintain a diverse portfolio of generating options to address concerns about price impacts, an equally diverse portfolio of demand side options should be created to mitigate load growth. Demands side programs reduce overall consumption and can stabilize energy prices, while distributing the costs of designing, administering and deploying demand side programs over a broad group of beneficiaries. This type of comprehensive strategy will position Illinois to better respond to potential load constraints (either transmission or generation based) and the corresponding price impacts that may develop as a result of Illinois' deregulated market.

MEEA recommends that the ICC establish a mandatory statewide framework for energy efficiency programs in the state. There are a variety of ways the ICC could structure this,

[1] Please see attached reports.

including the Governor's Sustainable Energy Plan. The attached *Energy Efficiency Policy Toolkit* provides examples of the different types of policies already in place in other states across the country. Regardless of the framework chosen, it is essential to allow the costs of energy efficiency programs to be recovered from ratepayers. In order to achieve the bill savings and job impacts described above, electric utility investment would need to be $167 million per year and the natural gas utilities would need to invest $75 million. While this level of investment may seem large, it is less than 2% of annual utility revenue. In 2003 the top ten levels of investment in states around the country ranged from 1.2% in California to 3.0% in Vermont; neighboring Wisconsin invested 1.4% of utility revenue and Iowa invested 1.19% of utility revenue.[2] It is important to note that since 2003 when those percentages were calculated, investment levels in California, Iowa and Wisconsin have increased significantly.

The chart below compares the actual investments in surrounding states with the proposed investment for Illinois from the ACEEE report. Straight comparison of the dollar amounts invested is deceiving because each state is so different in terms of energy use and population level. A better comparison is to look at the per capita investment in each state. As indicated below, Illinois would fall in the middle when compared with other states in the Midwest.

State	**Total Investment**	**Per capita Investment**
Iowa	$88 million	$29.91
Minnesota	$91 million	$17.97
Wisconsin	$85 million	$15.52
Illinois – Proposed	**$242 million**	**$19.13**

Once the framework is established, a comprehensive suite of energy efficiency programs can be implemented across the state. The suite of programs should include ongoing education and awareness campaigns, incentive programs for the purchase of qualifying energy-efficient products, training programs to impact the construction of both residential and commercial buildings and industrial programs that will help make businesses in Illinois more competitive.

For long-term market benefits, education programs alone will not be sufficient. By providing consumers and businesses with incentives (for purchasing efficient products) that close the price gap between their inefficient counterparts, consumers are more likely to be willing to try these products. Once consumers experience the energy savings and superior performance of more efficient products, they will be more apt to purchase similar products regardless of incentives. However, product programs are not enough. Training, certification and financing round-out any strong portfolio and can meet the

[2] York, D. and Kushler, M. 2005. *ACEEE's 3rd National Scorecard on Utility and Public Benefits Energy Efficiency Programs: A National Review and Update of State-Level Activity.* American Council for an Energy-Efficient Economy. Washington, DC.

individual and unique needs of all sectors facing increasing energy costs. A well-balanced portfolio will insure that it is cost-effective and a good use of rate payer dollars.

Resources Available to the ICC

Myriad of reports and resources are available to the ICC to craft a plan to help consumers cope with increasing energy prices. The Regulatory Assistance Project (RAP) has offered to develop a workshop on energy efficiency issues for Illinois. The Commissions in Minnesota, Iowa, Missouri, Indiana, Ohio and Wisconsin have participated in RAP-facilitated workshops in pursuit of reasonable and cost-effective energy efficiency program planning as well as innovative and appropriate rate restructuring and decoupling mechanisms. National experts from organizations like the American Council for an Energy-Efficient Economy (ACEEE) and local experts from surrounding states are available to share their knowledge and lessons learned with the ICC. MEEA can facilitate their participation in future workshops or hearings at the ICC's request.

Responses to the Questions Posed by ICC

Consumer Education

1. *What types of programs could be introduced in Illinois to provide consumers the tools and information they need to better monitor, manage and control their electricity consumption and thus their energy bills? How should the success of these programs be measured*?

A short-term education campaign can help consumers reduce their energy consumption, however it will not have the impact that a long-term, sustained approach will have. In 2001 and 2002, California used the *Flex Your Power* campaign to reduce peak summer electricity consumption by 14%.[3] While the campaign included aggressive education and awareness activities, it also relied on incentives and a comprehensive approach to reducing consumption throughout the state. The Wisconsin *Focus on Energy* program and New York *Energy Smart* campaigns are other examples of education programs that are coupled with a suite of energy efficiency programs. While these campaigns in California, New York and Wisconsin have been effective at raising awareness about energy use, they were operating simultaneously with aggressive funding for energy efficiency programs. In California, while the *Flex your Power* campaign was in full swing in 2001 and 2002, $850 million was invested in both education and energy efficiency programs.[4] Ongoing annual investments in California are approximately $800 million for both gas and electric programs.[5] New York's, *Energy Smart* program has an 8-year budget of $961.8 million or approximately $120 million per year for electric

[3] Flex Your Power Website - http://www.fypower.org/about/faq.html.
[4] Flex Your Power Energy Conservation and Efficiency Plan Final Report – Available online at http://www.fypower.org/pdf/FYP_Report.pdf
[5] Presentation by Brian Prusnek, The Office of Governor Arnold Schwarzenegger. Presentation made on June 28th, 2006.

efficiency and education programs.[6] Reinforcing these state-specific campaigns, the U.S. Department of Energy (DOE) and the Alliance to Save Energy are using the Ad Council's Energy Hog villain to raise awareness.

The most successful programs, however, are those that combine an educational message, with an opportunity to improve the infrastructure of existing homes and buildings through the purchase of more efficient products, services or technologies, reinforced with training and installation of those products, services and technologies. Programs targeted toward existing buildings must also be complimented with a suite of programs designed to influence the efficient design, construction and operation of new buildings as well.

The ENERGY STAR® label and platform should be used in any energy efficiency and awareness campaign developed by the state. ENERGY STAR is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy helping consumers save money and protect the environment through energy efficient products and practices. ENERGY STAR labeled products are not only energy efficient but also technically superior products to ensure persistent energy savings.

2. *What role should the various stakeholders take in educating consumers? What should that level of effort be?*
    a. *Commission*
    b. *Utility companies*
    c. *State of Illinois*
    d. *CUB and other consumer interest groups*
    e. *Others*

It is important to maintain consistency in educating consumers. Regardless of the agency creating and implementing the education program, all other stakeholders should reinforce and echo the same messages. Conflicting messages create confusion in the marketplace and often lead to inaction on the part of consumers. Messages should also create realistic expectations. Regardless of the efficiency investment, rates will increase and although energy efficiency programs will help mitigate the impact of these increases they will not significantly reduce consumer's energy bills. If prices increase between 40% and 70% per unit of energy as a result of the proposed wholesale auction, it is unrealistic to promise reduced energy bills. Illinois residents need to be prepared for their bills to go up and if they are provided substantial opportunities to participate in energy efficiency programs, demand response programs, real time pricing experiments and other tools, then their bills won't go up as much. Over time, an aggressive conservation effort may also lead to lower rates, by avoiding the rate impact associated with building additional capacity.

[6] 2006 New York Energy Smart Program Evaluation and Status Report – Available online at http://www.nyserda.org/Energy_Information/06sbcreport.asp

3. *The Commission is considering initiating a workshop process to provide interested parties with the opportunity to provide input on how educational material should be designed, what topics should be covered and how the materials should be disseminated. Is there value in such a workshop and what specific issues should be addressed? Please explain.*

The short timeframe for implementing an education program requires the state to move quickly to develop and implement a strategy for educating consumers. While MEEA sees value in allowing interested parties to provide input, a cumbersome workshop process could significantly slow efforts. Messages and models from other states should be borrowed and adapted to Illinois in order to deploy these educational message programs as soon as possible. MEEA recommends looking at the messaging and tools already utilized and tested in successful education programs like the ones mentioned previously (*Flex Your Power, Energy Smart*, etc.). The state can then personalize the message for Illinois and deploy a program relatively quickly.

4. *What short-term education efforts are being planned in response to the ComEd rate stabilization docket (06-0411) and the Ameren securitization docket (06-0448)?*

5. *Who should take the lead role in promoting the education effort? Please explain.*

See Question 2 above. In the case of California, legislation was passed requiring the State and Consumer Services Agency to oversee the mass education and media efforts to reduce demand within a targeted timeframe. As such, a common framework of information and messages were created. Utilities and any interested parties were free to use those same messages. The important piece of any educational campaign is maintaining the integrity of the information conveyed to the consumer. Once a baseline of information is created, multiple parties (utilities, state agencies, non-profits and the ICC itself) should have a role reinforcing the same common messages, but the ICC, DCEO, or another state-body must coordinate the activities to maximize the impact and choose the most relevant messages that will lead to real energy savings.

In the case of New York, the Public Service Commission mandated that NYSERDA be funded through rate payer dollars and engage in an educational campaign targeted at peak demand reduction as well as encouraging consumers to improve their infrastructure to help improve baseload efficiency. This is done as part of a comprehensive plan that is consistently well-funded and has been in place since 1998.

6. *What programs have other states undertaken to educate consumers on how to deal with high energy bills? How successful are these programs? How is success measured? Which programs are applicable to Illinois?*

California, New York and Wisconsin are mentioned above. In addition, Iowa and Minnesota, in the Midwest, operate education and energy efficiency programs through their utilities.

In Iowa, investor-owned utilities are required to file energy efficiency plans with the Iowa Utilities Board (IUB) every five years. The IUB reviews and approves the energy efficiency plans and once the plans are approved, the utilities recover the costs through an automatic rate pass-through that is reconciled annually. The IUB also reviews costs incurred for prudency after the programs are complete. Iowa's utilities operate the energy efficiency programs themselves. Current investment levels are $66 million in the electric sector and $22 million in the natural gas sector. These programs save 1,000 MW and 1.4 million MWh of electricity and 6 million Mcf of natural gas annually.[7] Those investment levels include programs for residential, non-residential and low-income constituents and involve a variety of approaches including rebates, loans, direct give-aways and technical assistance. Demand response and curtailment programs are also included.

In Minnesota, the Conservation Improvement Program (CIP) requires utility investment in energy efficiency programs with state oversight into planning and evaluation. Electric utilities invest a minimum of 1.5% to 2% of their gross operating revenues ($77 million in 2003) and natural gas utilities invest a minimum 0.5% of their gross operating revenues ($14.2 million in 2003) annually. These programs saved 328 million kWh and 128,815 kW of electricity and 1.7 million Mcf of natural gas in 2003.[8] As in Iowa, the utilities operate energy efficiency programs themselves and offer a wide range of approaches to saving energy. Examples in Minnesota include rebates, home energy audits, weatherization, commercial design assistance for new buildings and customized energy efficiency services for commercial and industrial customers. The investment levels in Minnesota also include education activities.

The Wisconsin Focus on Energy Program is a public benefits program funded through a fixed charge on utility customer bills. The utilities collect the funds and place them in an account administered by the state, which contracts with the Wisconsin Energy Conservation Corporation to operate efficiency programs statewide. Historically, the combined gas and electric investment was $62 million per year. In 2007, investments will increase to approximately $85 million per year. In 2005, the programs saved 230 million kWh and 9.6 million therms. Wisconsin's program offers a suite of programs in the same manner that Iowa and Minnesota do.

7. *What programs have been or are being implemented in other states to mitigate rising energy costs?*

A multitude of programs are being implemented across the country. The American Council for an Energy-Efficient Economy produces a Best Practices Report. These programs range from residential sector incentives for products, whole-home efficiency offerings for new construction and retrofits to large industrial customers with training

[7] Iowa Utilities Board Website - http://www.state.ia.us/government/com/util/ee.html
[8] 2005 Evaluation Report: Energy Conservation Improvement Program - http://www.state.mn.us/mn/externalDocs/Commerce/Legislative_Auditor_Report_on_CIP_013006014559_CIPAuditorreport.pdf

programs, motor replacement and other large equipment incentives and financing. A copy of the report is attached. The ICC can use this as a guide to learn about the types of programs that already exist and the lessons learned in other parts of the country where energy efficiency programs have operated for many years.

8. *Describe any education efforts associated with demand response, energy efficiency, real-time pricing, LIHEAP and the impending rate increases that are planned or currently underway. Provide all documents associated with the education efforts.*

Over the last two years, MEEA has piloted two LIHEAP programs that go beyond the typical weatherization efforts and focus on energy-efficient technologies, specifically room AC units and energy-efficient lighting. Given the positive feedback from these programs, MEEA has seen interest expand to other states in the region.

ComEd's Low-Income Room AC Exchange program targets LIHEAP customers in the ComEd territory with fully operational room AC units and offers customers an opportunity to exchange their unit for a free ENERGY STAR unit at local exchange events. The units exchanged are permanently removed from the grid, dismantled and recycled. Last year, four areas were targeted for the program - two Chicago wards, Rockford and Park Forest. The 2006 Room AC exchange has a goal of exchanging 1,250 units in three Chicago wards, Rockford and Joliet. Given the size of the program, participants are randomly selected for participation based on the location of the events.

The 2006 Change a Light, Change the World campaign will offer four free 60-watt equivalent Compact Fluorescent Light bulbs (CFLs) to LIHEAP eligible households in the ComEd service territory. LIHEAP eligible households will receive a coupon for the free bulbs in the mail prior to the October 1st launch of the Change a Light campaign which customers can redeem at participating Ace, True Value and Do It Best hardware stores. ComEd has approximately 200,000 LIHEAP eligible customers in their service territory. All LIHEAP eligible customers will have the opportunity to participate in this program.

9. *How well can residential customers get information on their power use in a timeframe in which they can change their behavior? How can this be improved?*

In the programs described above, consumers had multiple daily messages reminding them to conserve energy through simple daily tasks. They also had the ability, and often a monetary incentive, to purchase more efficient products or services. That is how California was able to accomplish such amazing results. The fear of being faced with black outs due to capacity constraints also contributed to California's 2001-2002 savings. In Illinois, the circumstances are different and it is not clear whether consumers will respond to price signals merely through an educational campaign. MEEA supports a variety of demand side solutions to mitigate the impact of the deregulated market on Illinois prices, but our expertise is in energy efficiency (both base and peak load), so we would defer to the Center for Neighborhood Technology to describe the barriers to

reaching consumers with messages of real time pricing and the impact that data has on consumer behavior. We have watched with interest and great hope for their community experiments and hope that the ICC sees a role for these programs as well as basic conservation messaging and consistent and stable energy efficient program planning.

10. *Tell us about existing demand response programs available to electric utility customers in Illinois.*
    a. *How do they work?*
    b. *Who is eligible to participate?*
    c. *How does one enroll?*
    d. *What are the terms and conditions?*

11. *Tell us about existing energy efficiency programs available to electric utility customers in Illinois.*

Included below is information on programs that have been facilitated by MEEA. These descriptions are intended to be illustrative and provide examples of the ability to create programs with measurable and quantifiable results. They are examples of the types of programs utilities could operate as part of a statewide energy efficiency plan:

MEEA started its **Change a Light, Change the World (CAL)** compact fluorescent light (CFL) bulb regional promotion in 2001 in collaboration with the National ENERGY STAR Change a Light campaign. MEEA's regional campaign offers consumers an incentive to purchase ENERGY STAR qualified CFLs at a significantly reduced price point, competitive to the price of a standard incandescent light bulb. Participating retailers are educated and trained on the energy, economic and environmental benefits of CFLs. Advertising, bill inserts and in-store point of purchase materials make consumers aware of the campaign while educating them on the multiple benefits of switching to CFLs. Since 2001, more than 436,000 CFLs have been rebated through the program in Illinois and 1 million across the region.

Prior to the FY05 budget cuts, MEEA administered the Department of Commerce and Economic Opportunity (DCEO) **Illinois ENERGY STAR Lighting Program**. The Program was designed to work toward increased awareness of energy-efficient lighting products by both consumers and retailers to meet DCEO's goals of:

- Promoting energy efficiency by educating Illinois residents and the market actors who supply information to residents about the value of ENERGY STAR.
- Increasing market penetration of energy efficient technologies and lowering the average price-point of the more efficient product.
- Reducing Illinois residential utility bills through the use of more efficient products.

The program had a variety of activities including: increased retailer education and in store promotions, continued public outreach events including torchiere turn-in events and

ceiling fan promotions, a year-round mail-in rebate coupon campaign, and a pilot CFLs as fundraisers program.

MEEA coordinated a number of **Torchiere Turn-In** events at which consumers who turned in a halogen torchiere received an instant rebate on an ENERGY STAR torchiere. These events received significant positive press for the state and consumers readily embraced the energy, economic, environmental and safety messages from these events.

MEEA also coordinated a mail-in rebate component of the program to give Illinois consumers the opportunity to purchase ENERGY STAR qualified CFLs from participating retailers and receive $3.00 cash back on their purchase. All of the major CFL manufacturers contributed to the majority of the programs costs including funding $2 of the $3 rebate amount, making this rebate campaign one the most highly leveraged campaigns in the nation. Additionally, more than 100 retailers throughout the state offered the rebate, allowing wide-spread access to the incentives for Illinois consumers.

The **Lights for Learning Fundraiser™** is another component of the Illinois ENERGY STAR Lighting Program and offered ENERGY STAR qualified compact fluorescent light bulbs (CFLs) for students of participating schools to sell to their families, friends and neighbors. Participating schools earned a 50% profit on the sale of each CFL. In addition, each school had the ability to earn additional incentive money based upon the number of bulbs sold. This program gained national interest and utilities in Oregon and California are now trying to replicate this program.

During its operation (2001-2005), the Illinois Residential Lighting Program conducted 328 formal retail staff trainings, collected over 5,000 torchieres and rebated more than 300,000 CFLs. The environmental impact of this program includes avoiding the release of 224,000 lbs of SO2, 116,000 lbs of NOx, and 44 million lbs of carbon emissions. The program will also save more than 35 million kWh over the lifetime of the products.

The **Northern Illinois Energy Project** (NIEP) Residential Lighting Program is a partnership between the Citizens Utility Board (CUB), the City of Chicago and Cook County State's Attorney's Office. The Residential Lighting Program was created to conserve energy and reduce electricity costs for residential customers of Commonwealth Edison. Program goals include educating consumers on the multiple benefits of high quality energy-efficient CFLs and increasing the market penetration of CFLs in non-traditional retail outlets such as grocery stores, drug stores and multi-purpose stores.

The program will run for three years with two promotions per year, one each in the spring and fall. Each promotion includes an incentive in the form of a market buy-down and point of purchase materials that explain the energy, economic, and environmental benefits of CFLs. Over the next three years, up to 1.8 million CFLs will be offered to consumers at a discount through the program.

MEEA also implements an **energy-efficient room air conditioner exchange and recycling program** in ComEd's service territory. The goal is to distribute new ENERGY STAR qualified room air conditioners to low-income ComEd residential customers in exchange for old inefficient room air conditioners. Collected units are disassembled and recycled, permanently removing them from ComEd's electric load.

In 2005, turn-in events were coordinated in two low-income neighborhoods to collect inefficient units and deliver 800 new ENERGY STAR units to customers. The program expanded in 2006 with five events planned to deliver 1,250 new ENERGY STAR units across northern Illinois.

The **Building Operator Certification** (BOC) Program is a nationally-recognized, competency-based training and certification program serving commercial and institutional building operators interested in reducing energy consumption at their facilities. The training topics include building systems overview, energy conservation techniques, HVAC systems and controls, efficient lighting fundamentals, environmental health and safety regulations, indoor air quality, and facility electrical systems. Operators earn certification by attending technical training, completing exams, and performing energy efficiency focused project assignments in their facilities. The certification provides a credential for professional development while offering employers a way to identify skilled operators who can implement energy efficiency operational measures.

In Illinois, the Department of Commerce and Economic Opportunity sponsors the program. To date, 211 building operators have been certified through the program. National, independent evaluations of the BOC program indicate the savings by a BOC-certified operator to be 0.35 kWhs of electricity per square foot annually and 0.74 MMBtus of gas/fuel oil per square foot annually. Put into practice, an operator responsible for a 300,000 square foot facility could save more than $8,000/year (based on 2004 retail prices).

Midwest Building Solutions is a results-oriented code and beyond code training program for new home builders. The goal of this training is to promote a cost-effective and resource-efficient approach to building, resulting in new homes that are durable, safe, and comfortable and that exceed the 2003 International Energy Conservation Code® (IECC). The training also illustrates the flexibility and simplicity of the various code compliance paths available to builders. Finally, it provides builders with information on ENERGY STAR and other programs that offer marketing messages and tools to help builders sell their better building practices and energy-efficient homes. The program provides MEEA with an important vehicle for expanding the reach of its programs, strengthening existing relationships and developing new networks of contacts in the home building industry—a constituency with a significant impact on energy use now and into the future. In Illinois, the Department of Commerce and Economic Opportunity and Illinois Clean Energy Community Foundation sponsored five workshops that reached more than 80 participants in 2005.

The **Refrigerator Rebate and Recycling Program** removes older operational refrigerators from the grid for recycling. Consumers receive a "bounty" for their older operational unit(s) and MEEA's recycler removes these units directly from the customers' home. MEEA also partnered with Sears to promote retailer incentives on the purchase of new ENERGY STAR qualified refrigerators. Over three years more than 7,000 refrigerators were recycled resulting in 9.6 million kWh savings annually.

MEEA administered the **Double Your Savings with ENERGY STAR Clothes Washer Campaign** in 2003 and 2004. The program promoted ENERGY STAR qualified, high efficiency clothes washers, offering customers a $75-$100 rebate on the purchase of ENERGY STAR qualified washer models. Partnering utilities contributed $50 per rebate while manufacturers contributed $50 per unit in 2003 and $25-$50 per unit in 2004, depending on the Modified Energy Factor (MEF) of the unit. Rebates were offered during a three-month period each year.

The program was promoted through point of purchase materials, newspaper ads and involved extensive retailer education and outreach efforts. This promotion was part of a national campaign that ran in various regions across the country. Promotional materials consisted of point of purchase displays, rebate applications and static clings. MEEA conducted over 400 Retailer Training Sessions through the program, reviewing program guidelines and sales points for the qualifying models with retail staff.

Over the two year period, more than 6,100 washers were sold saving more than 23.5 million lifetime kWh, 1 million lifetime therms and 620 million gallons of water over the lifetime of the units.

12. What is the marginal cost of air conditioning load during the summer months (June, *July, and August)?*
   - *a. How does that marginal cost vary over a day?- w*
   - *b. How do we convey that cost information to consumers?*
   - *c. What tools do they need to respond to those cost signals?*

13. Given the short timeframe, what role can digital technology play in enabling consumers to change their behavior? What digital technologies exist that may be implemented in the short-term?

Low-income Consumer Assistance

1. *What impact will higher electricity prices have on various income groups?*
   - *a. What will the overall impact be on households? Small businesses?*

Energy bills are considered affordable if they represent 6% or less of household income. In 2005, Illinois energy costs exceeded that affordability measure by $783 million.[9] Since 2002, this affordability gap has increased by 155% while LIHEAP funding for the state

[9] On the Brink 2005: The Home Energy Affordability Gap - http://www.fsconline.com/work/heag/2005_Released_Apr06/States/Illinois.pdf

increased only 10% over the same period. In Illinois, families living below the Federal poverty level spend up to 43% of their income on energy. Increasing energy prices will continue to cripple families living at up to 185% of the poverty level.

2. *Tell us about LIHEAP.*
    a. *How much money is available?*
    b. *Who is eligible to participate?*
    c. *Will there be more LIHEAP funds available to coincide with the impending rate increases?*
    d. *What efforts are underway at the state and federal levels to increase LIHEAP funding for low-income customers served by Illinois electric utilities?*
    e. *How does one go about applying for LIHEAP funds?*
        i. *Can the process be streamlined? Explain.*

3. *According to survey information released by the Bureau of Labor Statistics, lower-income households currently pay a disproportionately higher percentage of their income for electricity. How can this be mitigated going forward?*
    a. *Should special programs be implemented to alleviate the impact of price increases? Why or why not?*
    b. *If yes, what should those programs be?*
    c. *What role is there for low-income targeted installation of technologies, e.g., programmable thermostats, price-responsive appliances, digital meters, etc.?*
    d. *Would low-interest loans for homeowner insulation, energy-efficient appliances, etc. be worthwhile? Please explain.*

See above for the impacts of increasing prices on low-income households. Low-income energy efficiency programs should be part of a comprehensive suite of energy efficiency programs for all rate classes. Please see the attached powerpoint presentations by representatives from Iowa and Wisconsin for examples of low-income energy efficiency programs that could be transferable to Illinois.

4. *Will the existing energy assistance programs (e.g., LIHEAP) be sufficient to help offset the additional costs incurred by low-income consumers?*
    a. *Should additional funding be sought to help low-income consumers?*
    b. *If so, what is the best way to use those funds, e.g. bill assistance programs, weatherization, digital thermostats, metering, price-responsive appliances, etc.?*

Current LIHEAP programs will not be sufficient to offset the additional costs incurred by low-income customers. As indicated above, the affordability gap in Illinois already outpaces available LIHEAP funds by almost 8 to 1. Increasing energy prices will add to this gap. LIHEAP customers are often most in need of energy efficiency improvements and least able to make them. Aggressive energy efficiency programs to help LIHEAP

consumers decrease their energy consumption will allow Illinois to stretch the available LIHEAP funding to reach more families.

Consumer Education

Energy Efficiency/Conservation Initiatives

1. *Should utility companies be actively promoting energy conservation programs? Why or why not?*
    a. *Who should be the recipients of those programs?*
    b. *How should the costs associated with those programs be recovered?*

Yes, utility companies can play a vital role in promoting energy conservation programs. For example, Mid-American already operates programs in Iowa and can easily transfer the knowledge, skills and programs to its customers in Illinois. As stated previously, all customer classes in Illinois should receive energy efficiency programs and opportunities. There are a variety of ways these costs can be recovered and MEEA recommends the ICC explore a mechanism that will work within the regulatory structure in Illinois. In other states, the costs of energy efficiency programs are included as an overall utility cost of providing service in the state or as a separate charge on utility bills. The ICC must determine the most appropriate way to recover these costs.

Attachments

1. Job Jolt The Economic Impacts of Repowering the Midwest: The Clean Energy Development Plan for the Heartland.

2. Examining the Potential for Energy Efficiency to Help Address the Natural Gas Crisis in the Midwest.